

Message Text

UNCLASSIFIED

PAGE 01 PARIS 13534 162016 Z

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ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

AGR-20 RSR-01 /155 W

----- 082033

R 161700 Z MAY 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 178

INFO USMISSION EC BRUSSELS

UNCLAS PARIS 13534

E. O. 11652: N/ A

TAGS: EFIN, FR

SUBJECT: FINANCE MINISTER COMMENTS ON CURRENT MONETARY UNREST

1. DURING ADDRESS TO SENIOR EXECUTIVES OF CHASE MANHATTAN BANK MEETING IN PARIS MAY 16, FRENCH FINANCE MINISTER VALERY GISCARD D'ESTAING MADE FOLLOWING COMMENTS ON CURRENT UNREST IN GOLD AND EXCHANGE MARKETS: A) PROBLEM OF STABILIZING INTERNATIONAL MONE- TARY SYSTEM IS NO LONGER ONE OF PARITIES. IT IS RATHER ONE OF CONVERTIBILITY. CAUSES OF CURRENT DISORDER ARE FOUND IN STRUCTURE OF PRESENT SYSTEM, WHICH IS CHARACTERIZED BY SUSPENSION OF DEFENSE OF PARITIES AND OF CONVERTIBILITY OF MOST IMPORTANT CURRENCIES. B) FROM GOF POINT OF VIEW, EXCHANGE RATE ADJUSTMENTS IN 1971 AND 1973 HAVE BROUGHT ABOUT REALISTIC PARITIES. THIS IS PARTICULARLY TRUE IN CASE OF DOLLAR. C) TWO DOLLAR DEVALUATIONS SHOULD SIGNIFICANTLY REDUCE U. S. BALANCE OF PAYMENTS DEFICIT BY 1974. DISAPPEARANCE OF U. S. DEFICIT WILL FUNDAMENTALLY MODIFY CLIMATE FOR DISCUSSION OF INTER-

NATIONAL MONETARY REFORM. D) WIDE DIVERGENCE BETWEEN OFFICIAL AND FREE

MARKET PRICE OF GOLD DOES NOT REINFORCE STABILITY OF SYSTEM. IN FACT, IT WEAKENS ITS CREDIBILITY. IRWIN

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NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 16 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PARIS13534
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730547/aaaajzt.tel
Line Count: 57
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 19 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19-Oct-2001 by kuehnbc0>; APPROVED <11-Jan-2002 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980219
Subject: FINANCE MINISTER COMMENTS ON CURRENT MONETARY UNREST
TAGS: EFIN, FR
To: EUR
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005